

## FIRST DIVISION

[ G.R. NO. 169835, July 03, 2007 ]

**HYATT ELEVATORS AND ESCALATORS CORPORATION,  
PETITIONER, VS. LG OTIS ELEVATOR COMPANY, RESPONDENT.**

### D E C I S I O N

**GARCIA, J.:**

This petition for review under Rule 45 of the Rules of Court seeks to nullify and set aside the Decision<sup>[1]</sup> dated December 22, 2003 of the Court of Appeals (CA) in CA-G.R. SP No. 74320 and its Resolution<sup>[2]</sup> of September 27, 2005, denying petitioner's motion for reconsideration

Petitioner Hyatt Elevators and Escalators Corporation (Hyatt) is a domestic corporation primarily engaged in the business of selling, installing and maintaining/servicing elevators, escalators and parking equipment, with address at the 6th Floor, Dao I Condominium, Salved St., Legaspi Village, Makati, as stated in its Articles of Incorporation. When this case started, Hyatt listed its office address as located at Hyatt Centre, Ortigas Avenue, Mandaluyong City. Respondent LG Otis Elevator Company (LG Otis), on the other hand, evolved as a result of a joint venture agreement between LG Electronics, Inc., of South Korea and Otis Elevator Company of Connecticut, U.S.A.

The facts, as established by the appellate court, are as follows:

It appears that private respondent [herein petitioner] **Hyatt Elevators & Escalators Company (HYATT)** was the Philippine distributor until 1997 of elevators and escalators of Lucky Goldstar International Corporation (**LUCKY GOLDSTAR**) and Goldstar Industrial Systems, Co. Ltd. (**GOLDSTAR INDUSTRIAL**).

Herein petitioner [now herein respondent] **LG OTIS Elevator Company (LG OTIS)** alleges that it is a joint venture established on November 22, 1999 by LG Electronics Inc. (LG ELECTRONICS), which is based in Korea, and Otis Elevator Company (OTIS), which is based in the United States of America. Otis subsequently transferred its rights and obligations under the LG Otis joint venture to Sirius (Korea) Limited, which is based in London, England.

LG Otis purchased the business of **LG Industrial Systems Co. Ltd. (LGISC)**, a Korean corporation which, at the time of said purchase, was the principal stockholder of **LG Industrial Systems Philippines, Inc. (LGISP)**, a domestic corporation established in 1998. On March 28, 2000, LGISP changed its name to **Goldstar Elevators Philippines, Inc. (GOLDSTAR)**.

Records show that [in the Regional Trial Court of Mandaluyong City]. . . Hyatt filed a complaint for unfair trade practices and damages against LGISC and LG International Corporation. It was alleged in the complaint that defendant LGISC was formerly known as Goldstar Industrial Systems Co., Ltd. (Goldstar Industrial) and co-defendant **LG International Corporation** was formerly known as Lucky Goldstar Industrial Corporation (Lucky Goldstar). **Hyatt claimed that after establishing a Philippine market for defendants' elevators and escalators pursuant to a distributorship agreement executed in 1988, the defendants unfairly committed trade practices** intended to establish their own company, **ease out Hyatt and cripple its business operations as the exclusive distributor of LG elevators, escalators and parking equipment in the Philippines.**

An amended complaint was subsequently filed by Hyatt impleading herein petitioner LG Otis. It was alleged that LG Otis was formerly LGISC and Goldstar Industrial. The amended complaint also impleaded Goldstar Elevators . . . which was allegedly formerly known as LG Industrial Systems Philippines, Inc. (LGISP).

LGISC and LG Industrial Corporation opposed the amended complaint on the ground that LG Otis should not be substituted to LGISC as the two are separate and distinct corporations, retaining separate organizations, assets and liabilities. Despite such opposition, the amended complaint was admitted by the trial court.

Petitioner **LG Otis [and Goldstar Elevators]** then **filed a motion to dismiss** the amended complaint **on the grounds** . . . that **venue was improperly laid**, and that the amended complaint fails to state a cause of action.<sup>[3]</sup> (Emphasis and words in brackets supplied.)

On May 27, 2002, in Civil Case No. MC-99-600, the Regional Trial Court (RTC) of Mandaluyong City, Branch 213,<sup>[4]</sup> issued an order<sup>[5]</sup> denying the motion to dismiss separately interposed by respondent LG Otis and Goldstar Elevators, as defendants *a quo*.

In another order<sup>[6]</sup> dated October 1, 2002, the Mandaluyong RTC denied Goldstar Elevators' and respondent LG Otis' separate motions for reconsideration.

Therefrom, both Goldstar Elevators and respondent LG Otis went to the CA *via* separate petitions for *certiorari* under Rule 65 of the Rules of Court, Goldstar Elevators' recourse docketed as CA-G.R. SP No. 74319 and that of respondent LG Otis, as CA-G.R. SP No. 74320.<sup>[7]</sup> CA-G.R. SP No. 74319 was raffled to the 6<sup>th</sup> Division of the appellate court, while CA-G.R. SP No. 74320 went to its Special Fourth Division

In its Decision dated June 26, 2003, in CA-G.R. SP No. 74319, as reiterated in a Resolution of November 27, 2003, the CA set aside the May 27, 2002 and October 1, 2002 Orders of the RTC of Mandaluyong City. The decretal portion of the CA Decision reads:

WHEREFORE, in view of the foregoing, the assailed Orders dated May 27, 2002 and October 1, 2002 of the RTC, Branch 213, Mandaluyong City in **Civil Case No. 99-600**, are hereby SET ASIDE. The said case **is hereby ordered DISMISSED on the ground of improper venue**. (Emphasis added.)

Hyatt would subsequently appeal the CA's decision and resolution in CA-G.R. SP No. 74319 to this Court, but failed to secure a favorable disposition. For by Decision<sup>[8]</sup> dated October 24, 2005, in *G.R. No. 161026*, entitled "*Hyatt Elevators and Escalators Corporation v. Goldstar Elevators, Phil., Inc.*," the Court affirmed the said assailed CA decision and ruling.

As in CA-G.R. SP No. 74319, the appellate court, in CA-G.R. SP No. 74320, also ruled against herein petitioner HYATT, as respondent therein, and for LG Otis, albeit for reasons in addition to the issue of improper venue. The *fallo* of the CA's Decision<sup>[9]</sup> dated December 22, 2003 in CA-G.R. SP No. 74320 which, together with its Resolution<sup>[10]</sup> of September 27, 2005 denying reconsideration thereof, is subject of this recourse, reads, as follows:

**WHEREFORE**, based on the foregoing premises, the instant petition is hereby **GRANTED**. Consequently, the assailed May 27, 2002 and October 1, 2002 Orders of the Regional Trial Court of Mandaluyong City in Civil Case No. MC-99-600 are **REVERSED** and **SET ASIDE**.

**SO ORDERED.**

In this recourse, petitioner urges the reversal of the assailed CA decision and resolution, raising the following issues:

1. WHETHER OR NOT THE [CA], IN REVERSING THE DECISION OF THE REGIONAL TRIAL COURT, ERRED AS A MATTER OF LAW AND JURISPRUDENCE, AS WELL AS COMMITTED GRAVE ABUSE OF DISCRETION, IN HOLDING THAT IN THE LIGHT OF THE PECULIAR FACTS OF THIS CASE, VENUE WAS IMPROPER;
2. WHETHER OR NOT THE [CA], IN REVERSING THE DECISION OF THE [RTC], ERRED AS A MATTER OF LAW AND JURISPRUDENCE, AS WELL AS COMMITTED GRAVE ABUSE OF DISCRETION, IN HOLDING THAT IN THE LIGHT OF THE PECULIAR FACTS OF THIS CASE, RESPONDENT COULD NOT BE SUED IN THE PHILIPPINES AS A SUCCESSOR-IN-INTEREST OF LG INDUSTRIAL SYSTEMS CO. SIMPLY BECAUSE IT IS NOT DOING BUSINESS IN THE PHILIPPINES.<sup>[11]</sup> (Words in brackets added.)

We **DENY**.

As may be noted, *G.R. No. 161026* and this case involve virtually the same parties and sprang from one and the same Civil Case No. MC-99-600, a suit for unfair trade practices instituted by petitioner Hyatt against respondent LG Otis and Goldstar Elevators and eventually disposed of by the Mandaluyong RTC. In fine, *G.R. No. 161026* and this case are cast against the same factual and legal settings, save